



**Community Development
Block Grant**

Each year, since 1974, the city has received Community Development Block Grant funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2004-05 CDBG entitlement is \$20,324,000.

Criminal Justice Grants

The 2004-05 grant revenue for Criminal Justice programs is estimated to be \$16,077,000. This includes Police, Court and Law department grants. Grants include Universal Hiring grants totaling \$2 million, National Institute of Justice grants totaling \$1.8 million, Local Law Enforcement Block Grant funding totaling \$815,975 and renewals of ongoing state grants.

Public Transit Grants

The 2004-05 Federal Transit Administration Grant estimate is \$7,377,000 reflecting a decrease of \$1,886,000 from the 2003-04 estimate of \$9,263,000. This decrease is primarily because of one-time 2003-04 grants for capital projects.

HOPE Grants

In October 2001, the U.S. Department of Housing and Urban Development awarded \$34 million in HOPE funding to the city for the revitalization of the Matthew Henson public housing development. The revenue estimate assumes that \$13,578,000 of that grant will be earned and expended in 2004-05.

Other Grants

The 2004-05 budget also includes \$12,439,000 for federal, state and other grants that provide funding for some parks and recreation and library activities as well as programs such as energy conservation and weatherization in Neighborhood Services.

ENTERPRISE FUNDS

This category includes revenues from the city's six enterprise funds including Aviation, Water, Wastewater, Solid Waste, Civic Plaza and Golf. These enterprise funds fully recover their costs through user fees associated with the provision of their services. This category also includes the Civic Plaza that, in addition to the user fees associated with the operation of the Civic Plaza, is supported by earmarked sales taxes. Following are descriptions of each enterprise fund category and explanations of the revenue estimates.

Aviation

Aviation revenue estimates include landing fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2004-05 is anticipated to be \$229,966,000, which is \$6,443,000 or 2.9 percent greater than the 2003-04 estimate of \$223,523,000. The 2004-05 estimate anticipates conservative growth in airline fees,

concessions and parking revenues, as airport activity continues to return to a more normal level.

The first table on page 71 shows Aviation revenue by major category and annual percent change since 2000-01.

Water System

Water system revenues include water sales, development fees, various water service fees, resource acquisition fees, fees paid by other jurisdictions for the operation of the Val Vista Water Treatment Plant and other miscellaneous fees.

Total water system revenue for 2004-05 is projected to be \$256,140,000, which is \$15,513,000 or 6.4 percent more than the \$240,627,000 estimate for 2003-04. The 2003-04 estimate reflects the impact of the March 2004 rate increase which increased the average water bill by approximately 4 percent. The 2004-05 estimate reflects a full year's impact from the March 2004 rate increase, plus additional revenue anticipated from water sales and interest earnings.

The second table on page 71 shows water system revenues by major category since 2000-01.



SUMMARY OF AVIATION REVENUES
(In Thousands of Dollars)

	2000-01	2001-02	2002-03	2003-04 (Est.)	2004-05 (Est.)
Airline Operation	\$ 69,488	\$ 75,815	\$ 76,223	\$ 86,400	\$ 89,580
Concessions and Rentals	112,096	106,033	113,296	119,710	122,910
Interest	2,406	8,507	5,854	7,500	7,500
Other/Federal Grants	5,679	2,086	13,754	5,260	5,261
Goodyear	1,422	1,811	1,813	1,941	1,964
Deer Valley	2,227	2,351	2,419	2,712	2,751
Total Aviation Revenue	\$193,318	\$196,603	\$213,359	\$223,523	\$229,966
Change From Prior Year	3.6%	1.7%	8.5%	4.8%	2.9%

SUMMARY OF WATER SYSTEM REVENUES
(In Thousands of Dollars)

	2000-01	2001-02	2002-03	2003-04 (Est.)	2004-05 (Est.)
Water Sales	\$160,128	\$174,201	\$171,472	\$179,331	\$188,525
Environmental Consumption Charge	10,442	10,855	11,658	15,758	19,138
Raw Water Charge	16,352	17,133	15,879	16,395	17,086
Interest	14,936	13,526	10,316	8,543	11,495
Development Fees	6,772	6,242	7,625	6,500	6,000
Combined Service Fees	1,326	1,379	1,542	2,900	2,900
Val Vista	3,455	3,623	4,104	4,146	4,188
All Other	14,411	9,125	27,725	7,054	6,808
Total Water Revenue	\$227,822	\$236,084	\$250,321	\$240,627	\$256,140
Change From Prior Year	4.6%	3.6%	6.0%	(3.9%)	6.4%



Wastewater System

Wastewater system revenues include monthly sewer service charge revenues, which are based on water consumption rates, development fees, the sale of wastewater treatment services to other jurisdictions, the sale of effluent and other miscellaneous fees. The wastewater system is expected to generate revenue of \$146,834,000 in 2004-05, which is \$8,883,000 or 6.4 percent greater than the 2003-04 estimate of \$137,951,000. The increase is primarily due to a full year's impact of the March 2004 rate increase and anticipated interest earnings.

The table below shows Wastewater revenue by major category and annual percent change since 2000-01.

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2004-05 estimate of \$104,156,000 is a increase of \$5,350,000 or 5.4 percent greater than the 2003-04 estimate of \$98,806,000. The increase is primarily due to a full year's estimate of the March 2004 rate increase. Monthly residential collection rates were increased by \$1.50.

Civic Plaza

The majority of Civic Plaza revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 1.8 percent tax on restaurant and bar sales, construction, publishing, printing, and transportation and towing, plus a 2 percent portion of the 4.8 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to produce \$43,213,000 in 2004-05. Civic Plaza operating revenues are expected to be \$5,307,000, parking revenue is expected to be \$4,857,000, and interest revenue is expected to be

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)

	2000-01	2001-02	2002-03	2003-04 (Est.)	2004-05 (Est.)
Sewer Service Charge	\$ 69,822	\$ 75,067	\$ 79,157	\$ 87,587	\$ 94,900
Environmental Charges	19,392	20,464	22,361	22,883	22,025
Development Fees	5,926	5,788	7,260	5,800	5,600
Interest	11,819	6,724	4,258	3,633	5,210
Multi-City	13,912	12,549	14,689	13,324	14,333
Other	5,047	5,505	5,009	4,724	4,766
Total Wastewater Revenue	\$125,918	\$126,097	\$132,734	\$137,951	\$146,834
Change From Prior Year	10.9%	0.1%	5.3%	3.9%	6.4%



\$1,375,000, for total revenue estimates of \$54,752,000. This is \$3,466,000 or 6.8 percent more than the 2003-04 total estimated revenues of \$51,286,000. The increase is primarily from increases in the earmarked sales tax categories. Tax estimates are consistent with general fund sales tax estimates for the categories included in Civic Plaza.

The table on the right shows the Civic Plaza excise tax collections since 2000-01.

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the pie chart on the right, contracting and tourism represent 90 percent of the sales tax revenue to this fund. Both industries are considered volatile; the tourism industry in particular has experienced dramatic changes in the last several years. In the General Fund, however, contracting and tourism represent only 14 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue. The growth rates anticipated for 2003-04 and 2004-05 reflect the continued improvement in the tourism industry, plus increased construction activity anticipated from significant commercial construction projects such as the Civic Plaza expansion and Light Rail.

Golf Courses

Revenues in this category are from greens fees and concession sales at city golf courses including the Aguila, Cave Creek, Encanto, Maryvale, Palo Verde and Papago courses. The 2004-05 estimate of \$6,702,000 is \$441,000 or 7 percent above the 2003-04 estimate. The increase is primarily due to anticipated increases in greens fees revenue due to an improving tourism industry, and is consistent with the approved Golf financial restructuring plan.

CIVIC PLAZA SALES TAXES (In Thousands of Dollars)

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2000-01	\$37,547	\$ 82	0.2%
2001-02	37,281	(266)	(0.7)
2002-03	36,849	(432)	(1.2)
2003-04 (Est.)	39,707	2,858	7.8
2004-05 (Est.)	43,213	3,506	8.8

2004-05 CIVIC PLAZA Earmarked Sales Taxes

